Georgia State Senate Study Committee on Excellence, Innovation, and Technology at Historically Black Colleges and Universities (HBCUs)

Testimony of Denise A. Smith, Senior Fellow, The Century Foundation

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Thank you for the opportunity to present testimony. The Century Foundation is a progressive, independent think tank that conducts research, develops solutions, and drives policy change to make people's lives better. We pursue economic, racial, gender, and disability equity in education, health care, and work, and promote U.S. foreign policy that fosters international cooperation, peace, and security.

As a Senior Fellow at The Century Foundation, I have focused much of my work on equity issues impacting Historically Black Colleges and Universities (HBCUs), publishing *Achieving Financial Equity and Justice for HBCUs* and *The Facts on HBCUs: Top 10 Facts about Historically Black Colleges and Universities*. In addition, I am a proud HBCU graduate from South Carolina State University, I received my master of public health degree from Morehouse School of Medicine, and I am currently completing my Ph.D. in higher education leadership and policy studies at Howard University.

I am pleased to present remarks concerning the impact of HBCUs nationally and in Georgia and policy recommendations to better support and sustain these essential institutions. HBCUs play a critical role in supporting social and economic upward mobility for their graduates, even while historical and current underfunding plagues their ability to support their students and live out their mission to its fullest potential. Throughout U.S. history, public policy has funded and supported the growth of the higher education system in an inequitable way, benefiting non-HBCU public colleges and flagship universities while starving HBCUs[1].

Despite the effects of long-standing discriminatory funding, the nation's 101 accredited public and private HBCUs are engines of upward mobility for their graduates. They make significant contributions to the economic vitality of the nation, their regions, and the state of Georgia. Now that HBCUs are finally getting recognition for the contributions they have made to this country, it is timely to discuss the need to make historic investments that will propel them from this moment of recognition to excellence that endures. Additional investments in these institutions are imperative if the nation and their communities are to see progress in racial, social, and economic equity.

[1] Denise A. Smith, "Achieving Financial Equity and Justice for Hbcus," The Century Foundation, April 26, 2022, https://tcf.org/content/report/achieving-financial-equity-justice-hbcus/.

HBCUs Have A Strong Value Proposition

HBCUs have a strong education and economic value proposition. HBCUs are breaking down the barriers to economic success for historically marginalized Black students, providing nearly twice as much college access to these largely low-income students than other colleges and universities and successfully moving them into the middle class. Nearly 70 percent of HBCU enrollment is students receiving Pell Grants. Spelman College, in Georgia, is a standout — one of the most successful institutions in the nation in propelling Black female students into the middle class.[2]

Notably, across the 21 primarily Southern states and territories where HBCUs are located, HBCUs are producing strong results that too often have been overlooked — HBCUs over-produce bachelor degrees for African Americans and especially in the STEM (science, technology, engineering, and mathematics) fields. Looking at the regions where HBCUs are concentrated reveals that HBCUs punch well above their weight, which is even more impressive given a history of chronic underfunding:

- HBCUs are 9 percent of four-year colleges and universities,
- HBCUs enroll 24 percent of all Black undergraduates pursuing a bachelor's degree in a college or university,
- HBCUs award 26 percent of all Black bachelor's degrees, and
- HBCUs award 32 percent of STEM degrees earned by Black students.[3]

Further, Black students attending HBCUs are more likely to pursue an advanced degree. According to the National Science Foundation, ten of the top fifteen baccalaureate institutions of Black STEM doctorate recipients from 2015 to 2019 are HBCUs, including Spelman College and Morehouse College.[4]

The educational results produced by HBCUs translate into significant economic contributions to the country and their communities. According to the UNCF, the nation's HBCUs annually generate nearly $15 billion in total economic impact for their regional economies and generate 134,090 jobs. One class of the nation's HBCU graduates can expect to earn $130 billion over their lifetimes — 56 percent more than if they had not earned a college degree.[5]

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[2]Hammond, M., Owens, L. & Gulko, B. (2021). *HBCUs Transforming Generations: Social Mobility Outcomes for HBCU Alumni*. Washington, DC: UNCF.

[3]Saunders, K.M. & Nagle, B.T. (2018). *Punching Above Their Weight: A State-Level Analysis of Historically Black College and University Enrollment and Graduation*. Washington, DC. UNCF Frederick D. Patterson Research Institute.

[4] National Science Foundation, National Center for Science and Engineering Statistics. NSF 21-321, Table 7-7.

[5] Humphreys, J. (2017). *HBCUs Make America Strong: The Positive Economic Impact of Historically Black Colleges and Universities*. Washington, DC: UNCF Frederick D. Patterson Research Institute.

HBCUs in Georgia Make a Large Contribution to the State

Georgia's HBCUs[6] are seven private and three public HBCUs, including a private medical school (Morehouse School of Medicine) and a public university (Fort Valley State University) a federally designated land-grant institution. One of the HBCUs in Georgia (Clark Atlanta University) is classified by the Carnegie Classifications as an R2 (high research) institution.

While diverse, Georgia's HBCUs collectively make a large and lasting contribution to the state. Georgia's HBCUs enroll over 20,000 Black undergraduates each year. In Georgia, they comprise 12 percent of the four-year institutions; enroll 18 percent of all Black undergraduates at four-year institutions, and award 23 percent of all bachelor's degrees earned by Black students.[7]

According to the UNCF, Georgia's HBCUs generate $1.3 billion in total economic impact, more than 12,040 jobs for their regional economies, and lifetime earnings for one class of graduates exceeding $9 billion. This means that these HBCUs are a significant contributor to Georgia's economic health by producing skilled graduates with greater earning potential, creating jobs, and generating substantial economic returns.[8]

Georgia HBCUs Key Data

Institution name	Total FTE enrollment, 2019-20	Total degrees, 2019-20	Total STEM degrees, 2019-20	Total undergraduate enrollment, 2019-20	Pell share of enrollment, 2019-20	Endowment at end of fiscal year, 2019-20	Total research expenditures, 2019-20	150%-time completion rate (4-year colleges), as of 2019-20
Albany State University	5350	2358	62	5778	66.2%	$3,275,118	$826,103	26.1%
Clark Atlanta University	3963	1760	119	3318	68.7%	$74,408,547	$7,826,073	42.4%
Fort Valley State University	2474	908	128	2293	75.1%	$6,672,697	$7,247,676	43.3%
Interdenominational Theological Center	193	82	NA	NA	NA	$5,452,279	$0	NA

[6] Albany State University, Clark Atlanta University, Fort Valley State University, Interdenominational Theological Center, Morehouse School of Medicine, Morehouse College, Morris Brown College, Paine College, Savannah State University, and Spelman College.

[7]Saunders, K.M. & Nagle, B.T. (2018). *Punching Above Their Weight: A State-Level Analysis of Historically Black College and University Enrollment and Graduation*. Washington, DC. UNCF Frederick D. Patterson Research Institute.

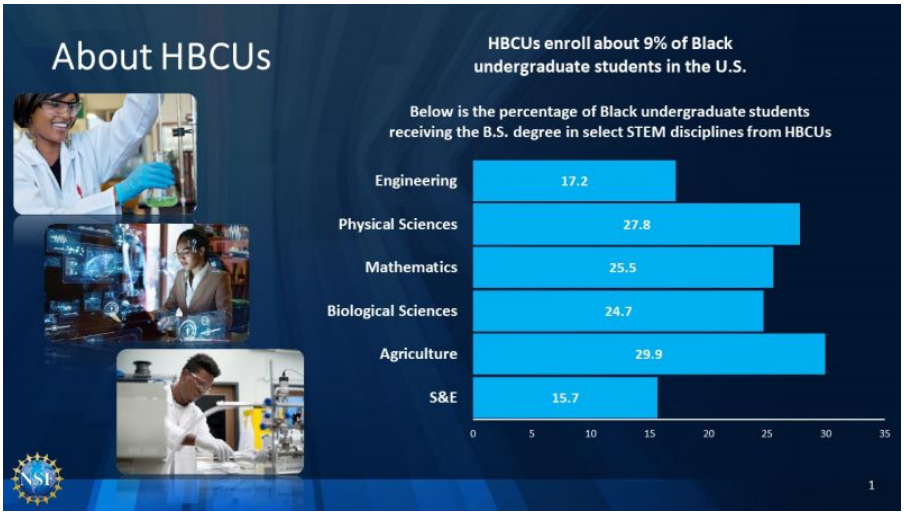
[8]Humphreys, J. (2017). *HBCUs Make America Strong: The Positive Economic Impact of Historically Black Colleges and Universities*. Washington, DC: UNCF Frederick D. Patterson Research Institute.

Morehouse College	2281	776	69	2238	47.8%	$157,080,773	$4,418,513	56.4%
Morehouse School of Medicine	222	322	41	NA	NA	$108,200,534	$24,888,313	NA
Paine College	397	56	1	448	83.0%	$12,262,944	$0	7.8%
Savannah State University	3442	1384	184	3502	69.8%	$10,114,911	$1,544,985	27.3%
Spelman College	2231	938	106	2120	42.7%	$377,941,509	$3,791,125	74.5%
Total	20553	8584	710	19697				

HBCUs Lead the Way In STEM

HBCUs are contributing substantially to the country by fueling the pipeline of workers equipped for the knowledge economy. Nearly one-third of STEM degrees earned by Black undergraduates are produced by HBCUs. According to the National Science Foundation, HBCUs produce 17.2 percent of Black engineering bachelor's degrees, 27.8 percent of Black physical science bachelor's degrees, 25.5 percent of Black mathematics bachelor's degrees, 24.7 percent of Black biological sciences bachelor's degrees, and nearly 30 percent of Black agriculture sciences bachelor's degrees. HBCUs' STEM productivity should be viewed as an opportunity to meet the country's accelerating need for workers in STEM fields, expected to continue to grow in the years ahead. Georgia HBCUs make up 7.8 percent of all STEM graduates at HBCUs.

Because of HBCU STEM success, in 2020, the National Science Foundation awarded $9 million to establish the HBCU STEM Undergraduate Success Research Center (STEM-US), led by researchers from Morehouse College, Spelman College, and Virginia State University to study and model the successful practices of HBCUs. The knowledge generated by this center will



detail the practices that make HBCUs successful in educating Black students in STEM. This center will place HBCUs at the forefront of STEM education reform across higher education.

Research and Innovation at HBCUs

Despite dramatic inequities in funding and resources detailed in *Achieving Financial Equity and Justice for HBCUs*, many HBCUs are centers for research and innovation, conducting groundbreaking research that offers unique insights and benefits to the country. According to the National Science Foundation, in FY 2020, the top five HBCUs by research and development (R&D) expenditures were Howard University, Florida A&M University, North Carolina AT&T University, Morehouse School of Medicine and Delaware State University.[9] These institutions are making impressive research contributions in the life sciences, physical sciences, engineering, agriculture, and more. While other HBCUs are primarily undergraduate teaching institutions, notable research, innovation, and expertise exist on these campuses as well.

For many years, Morehouse School of Medicine has been on the frontlines of medical research to help improve health outcomes for African Americans, Latinos, and other underserved communities in the country. Fortune Magazine recently reported that Morehouse School of Medicine generated 63 patents between 2009 and 2019, more than any other HBCU. Howard University produced 53 and Florida A&M University produced 41.[10]

The first-of-its-kind Propel Center, a $50 million initiative sponsored by Apple and Southern Company, will be a global headquarters for HBCU innovation at the Atlanta University Center. It is designed to connect HBCU students to technology curriculum, cultural thought leaders, entrepreneurship skills development, and accelerator programs, focusing on social justice and equity. Curriculum options will include artificial intelligence(AI)and machine learning, agricultural technologies, social justice, entertainment arts, app development, augmented reality, design and creativity, career preparation, and entrepreneurship tracks.

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[9]National Science Foundation, National Center for Science and Engineering Statistics. NSF 22-311. Table 31.

[10] Perry, Andre M. (2021). *Homecoming: The Historical Roots and Continued Contributions of HBCUs*. Testimony before the House of Representatives Committee on Education and Labor. The Brookings Institution.

Clark Atlanta University is leading a $10 million National Data Science Alliance to increase the number of Black students earning data science credentials by at least 20,000 by 2027 with expertise in researching ethics, bias, and fairness in the use of data.

IBM has launched Cybersecurity Leadership Centers at 20 HBCUs, including Clark Atlanta University and Albany State University, to build a more diverse cyber workforce in the U.S. The initiative will provide HBCU students with access to IBM coursework, lectures, immersive training experiences, certifications, IBM Cloud-hosted software and professional development resources — all at no cost to the school.

Historically Black land-grant universities (often referred to as the 1890 institutions) are significant producers of innovative research and state-of-the-art practices in the agri-sciences and food safety.[11] For example, Fort Valley State University (FVSU) — the only HBCU land-grant institution in Georgia — is leading the way in developing strategies to reduce food-borne pathogens in the animal before processing for meat, which could reduce incidences of human exposure to these organisms. In FVSU's food engineering laboratories, researchers are working on finding novel methods to kill pathogens without using heat and to see how this technology can be implemented in commercial operations such as meat processing plants.

FVSU announced a partnership with Georgia Power to develop a 107-acre solar farm that will serve as a living laboratory to help build Georgia's energy future. This partnership will benefit the entire state of Georgia by enhancing education, training, research, economic development, and community sustainability while providing students with hands-on experience with energy education.[12]

HBCUs collectively expend over $500 million annually on R & D. Nevertheless, HBCUs struggle to realize their full R & D potential due to systemic racism and bias in federal agencies' grant eligibility criteria and awarding practices[13]. HBCUs receive less than 1 percent of the total and of federally-financed R&D funding awarded to colleges and universities in the United States. Despite the intellectual capacity, creativity, and entrepreneurship that exists at HBCUs, federal R & D funding has disproportionately supported large, already wealthy institutions. For example, federal R & D grants to the University of Georgia ($171 million in FY 2020) were nearly six times greater than at Howard University ($29 million in FY 2020), HBCUs' top research institution.[14]

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[11] Jared C. Avery. (2013). *Research Activity at the 1890 Institutions.* American Association of Public and Land-Grant Universities.

[12] "Fort Valley State University and Georgia Power Announce Solar Initiative." Fort Valley State University, May 30, 2019. https://www.fvsu.edu/news/fort-valley-state-university-and-georgia-power-announce-solar-initiative/.

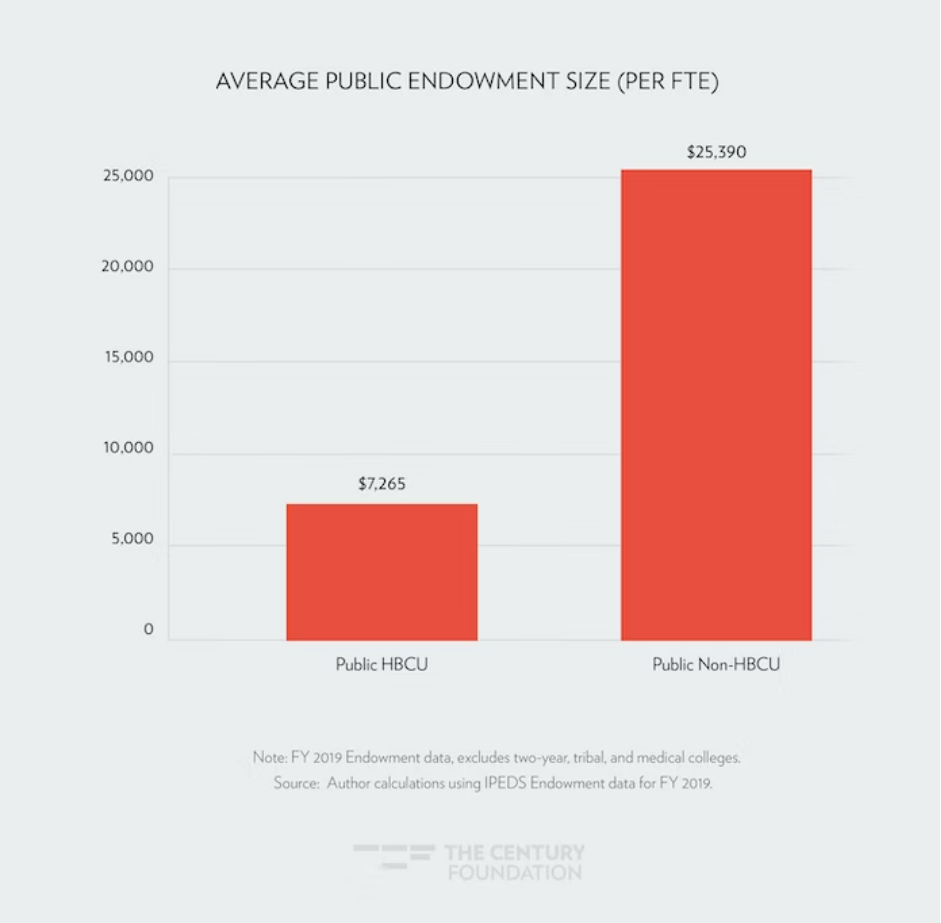
[13] Ivory A. Toldson. "Drivers and Barriers of Success for HBCU Researchers Submitting STEM Proposals to the National Science Foundation *(Editor's Commentary)*." *The Journal of Negro Education* 86, no. 4 (2017): 415–21. http://www.jstor.org/stable/10.7709/jnegroeducation.86.4.0415.

[14] National Science Foundation, National Center for Science and Engineering Statistics. NSF 22-311. Table 5.

According to the U.S. Department of Education, research suggests that racial inequities harm American capabilities in research and innovation. One study found that innovation in the U.S. would quadruple if women, minoritized people, and low-income individuals had access and opportunity to engage in innovation and were not held back by discrimination and structural barriers.[15]

Endowment Inequities Between HBCUs and Non-HBCUs Are Vast

The racial wealth gap is a gaping hole between white and Black families which is well documented,[16] and mirrors the stark endowment gap between HBCUs and predominantly white institutions. The endowment inequities are vast[17]. Endowments at HBCUs, which focus their attention on the neediest students, collectively total a paltry $4.0 billion — or approximately one half of one percent of the $662 billion endowments at other reporting colleges and universities.



Looking at the data another way, nationally, the average endowment at a public HBCU is only $7,265 per full-time equivalent student (FTE), while the average endowment at a public non-HBCU is nearly *four* times larger, at $25,390 per FTE. (See Figure 1.)

The inequity is even more outsized among private institutions. The average endowment at a private HBCU is $24,989 per FTE, while the average endowment at a private non-HBCU is *seven* times larger, at $184,409 per FTE.

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[15] U.S. Department of Education. *Congressional Justifications of FY 2023 Budget Estimates.* Volume II, Page 126.

[16] McIntosh, Kryston; Moss, Emily; Nunn, Ryan; and Shambaugh, Jay. (2020). *Examining the Black White Wealth Gap*. The Brookings Institution. According to The Brookings Institution, the net worth of the typical white family is nearly ten times that of the typical Black family.

[17] Denise A. Smith, "Achieving Financial Equity and Justice for Hbcus," The Century Foundation, April 26, 2022, https://tcf.org/content/report/achieving-financial-equity-justice-hbcus/.

Endowment inequities, which require institutions to constantly scramble for funds, are also challenging for the Georgia HBCUs. Spelman College has the largest endowment among these HBCUs at approximately $377 million. Albany State University's endowment is shockingly small at the other end of the scale — a meager $3 million. By comparison, the endowment at the state's flagship public institution —University of Georgia —is over $1.3 billion.

Endowment Assets for Georgia HBCU compared to University of Georgia	
Institution Name	**FY 2020 Endowment**
Albany State University	$3,275,118
Clark Atlanta University	$74,408,547
Fort Valley State University	$6,672,697
Interdenominational Theological Center	$5,452,279
Morehouse College	$157,080,773
Morehouse School of Medicine	$108,200,534
Paine College	$12,262,944
Savannah State University	$10,114,911
Spelman College	$377,941,509
Morris Brown College	N/A
HBCU, Total	$755,409,312
University of Georgia	$1,362,446,000
Source: U.S. Department of Education, Integrated Postsecondary Education Data System. National Association of College and University Business Officers.	

Endowments are but one measure of an institution's financial strength but can have an outsized impact on an institution. For colleges and universities seeking opportunities to grow, endowment size can be a factor in determining whether or not investment opportunities are presented, whether donor gifts are received, and whether research grant opportunities are offered from federal agencies. For example, many federal agencies use the Carnegie Classifications —

R1 very high research and R2 high research — to determine participation in research grant programs. Data show a correlation between endowment size and research intensive institutions. The R1 institutions are predominately white institutions with the largest endowments and the greatest federal research and development funding.

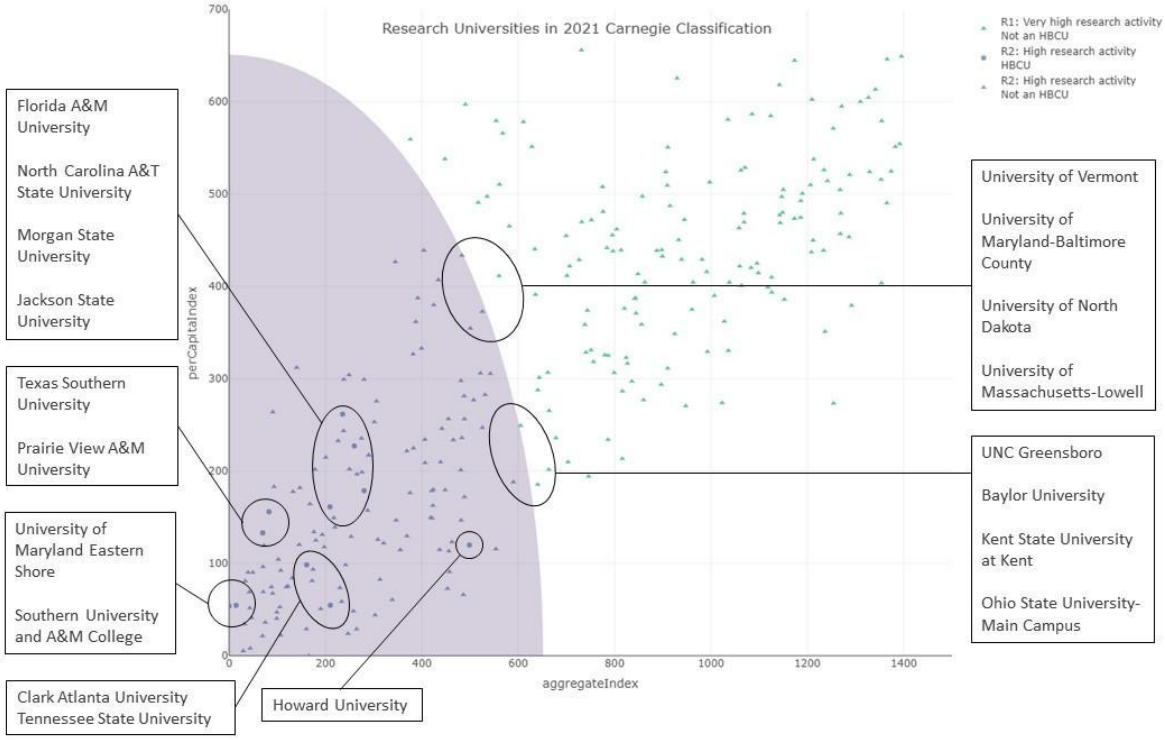

Figure 2: *The institutions on the left are HBCUs that have achieved R2 status. On the right are universities on the current margin of R1/R2.*

No HBCUs, not even Howard University, with the largest endowment (~$700 million) of all HBCUs, currently have R1 status. In 2000, Howard University was the first to clench R1 status. However, in 2005, when updates to the Carnegie Classification were released, the index criteria changed, and Howard University moved to high research activity (R2) or tier two status, a status it has held since 2005. In the chart above, only eleven HBCUs, including Clark Atlanta University, are recognized as R2 institutions. In addition, Morehouse School of Medicine is recognized as a special focus medical center not a R2 institution according to the Carneige Classifications.

Increasing endowments of Georgia HBCUs is really not just about the money; it is about investing in these institutions' survival, stability, and future success. That is why I have recommended[18] that the federal government invests $40 billion ($4 billion a year over ten years) in HBCU endowments. In terms of impact on a college's performance and productivity,

[18] Denise A. Smith, "Achieving Financial Equity and Justice for Hbcus," The Century Foundation, April 26, 2022, https://tcf.org/content/report/achieving-financial-equity-justice-hbcus/.

endowments warrant particular attention and, in the case of HBCUs, they merit substantial and structured long-term investment for just and equitable support.

Investments in HBCUs Are Needed For Advancement

For more than 150 years, HBCUs have been expected to do more with less, suffering inequities in support from every source: federal, state, and local governments, as well as philanthropy. Strategic financial investments in HBCUs are needed on moral grounds to make them whole after decades of discriminatory treatment. But also, ensuring a more equitable allocation of resources and investments in HBCUs is an economic imperative for the communities where HBCUs are located and the country.

McKinsey & Company concluded that, with additional investment, HBCUs could unlock not only more advancement for Black Americans, but also strong economic performance for the United States, by increasing Black incomes by around $10 billion in addition to strengthening the economy with $1.2 billion in incremental business profit, $300 million in decreased student-loan debt, and $1 billion in additional consumer expenditures.[19]

Investing in HBCUs and the Black talent they produce would elevate the status, financial stability, and productivity of HBCUs, which are well positioned to help address our nation's need for diverse talent — especially in STEM fields — that is required to drive scientific advances and innovation for a more dynamic and prosperous economy.

Policy Recommendations

The Senate Study Committee on Excellence, Innovation, and Technology at Historically Black Colleges and Universities (HBCUs) could consider several options for additional investment to develop, strengthen, and scale up innovation ecosystems at Georgia's HBCUs.

Increase HBCU endowments

Policymakers should invest in the endowments of Georgia's HBCUs, ranging from $3.2 million at Albany State University to $378 million at Spelman College. A legislative goal could be raising each institution's endowment up to the Georgia average or median per FTE for public and private universities, respectively. Healthy endowments provide HBCUs with stability, leverage other sources of revenue, and enable the institutions to conduct innovative research, apply new technologies, and explore new academic fields that can lead to important discoveries in science, medicine, education, and other fields.

[19] McKinsey & Company. (2021). *How HBCUs Can Accelerate Black Economic Mobility*.

Invest in R & D Capacity

Policymakers could increase support for basic and applied research, research capacity and research infrastructure at HBCUs, to move more institutions into R2 high research institutions as designated by the Carnegie Classification. Such funding could sustain and increase research activities across Georgia's ten HBCUs at every level of research capacity, including cutting-edge research, and provide opportunities for primarily undergraduate teaching institutions to increase their research intensity.

Establish HBCU Centers of Innovation

Policymakers could create new and expand existing HBCU Centers of Innovation to catalyze research excellence and strengthen innovation ecosystems in emerging fields at Georgia's premier HBCU research institutions. Morehouse School of Medicine, Clark Atlanta University, and Fort Valley State University have strong track records of success in research and training students who go on to the workforce as scientists, engineers, and doctors. Their capabilities should be lifted up to take advantage of these strengths.

Establish HBCU Institutes of Innovation and Information

Modeled after the South Carolina initiative, Georgia could fund and establish HBCU Institutes of Innovation and Information. In 2021, the South Carolina legislature appropriated $18 million to create an institute to foster innovation and educational opportunities with a specific focus at each of the state's seven HBCUs. For example, the South Carolina State University institute focuses on fields and industries associated with business science, environmental science, communication studies, and transportation. The SCiii Foundation was established to support and assist the efforts of the seven institutions by providing funding, resources, and network partnerships with business and philanthropic community leaders.

Establish HBCU Innovation Zones

Consider creating HBCU Innovation Zones with state investment and tax incentives for private investment to support innovation, technology, entrepreneurship, and business incubation at HBCUs also located in or near federally designated or State Opportunity Zones. Federal Opportunity Zones were established by Congress in the Tax Cuts and Jobs Act of 2017 and encourage investors with recently realized capital gains to invest in local businesses, real estate, or development projects in economically distressed communities in exchange for a reduction in their tax obligations. State Opportunity Zones in Georgia enable a state tax credit for businesses that create two or more jobs in the designated area. Establishing state-designated HBCU Innovation Zones with public funding and state tax incentives for private investment could catalyze additional private investment aimed at innovation, business development, and job creation in distressed communities near HBCUs.

Thank you again for the opportunity to present these recommendations. The Study Committee on HBCUs has done a great job of underscoring the significant contributions of these institutions to the state of Georgia. With that, the committee should continue to be seen as a valuable standing

body that can aid the state as they seek to bolster its' HBCUs. Greater investment in Georgia's HBCUs will allow them to expand capacity, fully maximize their potential, and unlock new opportunities for creativity, invention, innovation, development, and, in turn, additional growth for the state's economy.